

Minutes of the meeting held on November 4, 2019

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, Ellen Philbin, James Quirk and Chris Burns.

The meeting was called to order at 5:00 PM. The meeting was digitally recorded.

Agenda Item #1 – Minutes

Motion by Chamblin-Foster, seconded by Shinkwin to accept the regular minutes of the meeting held on October 7, 2019. Voted unanimously.

Motion by Shinkwin, seconded by Chamblin-Foster to accept the executive session minutes of the meeting held on October 7, 2019. Voted unanimously.

Agenda Item #2 - Warrants

Motion by Monagle, seconded by Shinkwin to accept payment of warrant #20 in the amount of \$7,468,120.02 and to accept payment of warrant #21 in the amount of \$670,857.91. Voted unanimously.

Agenda Item #3 – Superannuations

Motion by Chamblin-Foster, seconded by Shinkwin to accept the Superannuation retirement applications submitted by Lisa Foley, Finance Director, Cambridge Health Alliance with eleven years, eleven months; Shawn Keough, Patrol Officer, Police Dept. with thirty-two years, ten months; Jennifer Lavery, Registered Nurse, Cambridge Health Alliance with thirteen years, one month; Donald Lucey, Patrol Officer, Police Dept. with thirty-two years, six months; Diana Prideaux-Brune, Deputy Director, Cambridge Housing Authority with twenty-three years, four months; James Rodrigues, Heat Plant Technician, Cambridge Housing Authority with thirty-eight years, eight months; and Janet Williams, Paraprofessional, School Dept. with seventeen years, two months. Voted unanimously.

Agenda Item #4 - Make-ups/Redeposits/Liability

The Board reviewed make-up and redeposit worksheets for eight members.

Motion by Shinkwin, seconded by Gardner to allow the make-up of contributions requested by Kaitlin A. Baumann, 2 months; Nicole Hamblet, 6 months; Maria Kefallinou, 10 months, requesting acceptance of liability; Reina R. Lemus, 11 months; Owen M. Lewis, 2 years, 7 months; John R. Lindamood, 3 years, 1 month; Leo N. Tuccinardi, 1 month; and Phoebe C. West, 1 year, 1 month. Voted unanimously.

Agenda Item #5 – Refund Applications

The Board reviewed a list of refund applications submitted in October.

Motion by Gardner, seconded by Chamblin-Foster to accept five refund applications. Voted unanimously.

The Chairman requested to adjourn the open meeting and go into executive session for the purpose of discussing disability retirement applications. The Chairman stated that the meeting would reconvene in open session at the conclusion of the executive session. On a roll call, the vote was as follows:

Michael Gardner:	YES
Nadia Chamblin-Foster	YES
John Shinkwin:	YES
James Monagle:	YES
Francis Murphy:	YES

#### Agenda Item #6 – Accidental Death Benefit – Francis Judd

The Board reviewed correspondence from Attorney Thomas Gibson, Francis Judd's death certificate, the DALA findings in his Accidental Disability case, and correspondence from Attorney James Quirk. Attorney Thomas Gibson appeared, representing Mrs. Judd.

Gibson asked that the Board consider paying interest on any payment made to Mrs. Judd. He noted that under typical circumstances, these payments would have been made shortly after Judd's death in January. He alleged that the Board has committed an error which delayed that payment, and that interest should be applied. He requested that the Board pay interest from the date of death through the date that the Board opted not to appeal DALA's decision. He noted that the Board would have to adopt a policy as to how much interest to pay in this case, which must also be applied consistently to future cases.

Quirk reviewed the history of the Herrick case, and noted that PERAC issued a memo following that case instructing that Board should attempt to make members whole when correcting errors, by paying out interest. It remains for the Board to determine if an error was actually committed and what percentage of interest to pay out.

Gibson stated that the payment to Mrs. Judd would consist of an Option B refund and a retroactive calculation of Mr. Judd's allowance reflecting payments under Option B, rather than Option C. Quirk stated that he disagreed with Gibson's proposed calculation. He stated that he agreed that, because Judd did not have an opportunity to elect a new option, that the option must default to Option B. However, he felt that the Option selection should not be retroactive.

Motion by Shinkwin, seconded by Monagle to grant Accidental Death benefits to the surviving spouse of Francis Judd. Voted unanimously.

Gardner moved to approve the change of Francis Judd's option selection from Option C to Option B, effective as of the date of Judd's death. Shinkwin seconded the motion. Gibson stated that the Board's decision is contravening a long-established precedent. He suggested that the Board seek an opinion from PERAC prior to finalizing the calculation, rather than forcing Mrs. Judd to go through the appeal process again. On a roll call, the motion was voted unanimously.

Quirk stated that different Boards have adopted different standards for paying interest on correction of errors. Some have used the interest rate credited to annuity accounts, or the Social Security cost of living rate, or a flat 3% rate, or one-half of the actuarial rate of return. Gardner moved to table the question of interest payments until the January meeting, and to request that the staff survey other systems to determine the most common rates used. Monagle seconded the motion and it was voted unanimously.

Gibson requested that the Board staff send written notification of the vote regarding the effective date of Judd's option change, in order to give him the right to file an appeal.

#### Agenda Item #7 – Accidental Disability Benefit – Kenneth Ryan

The Board reviewed the certificate and narrative reports of Kenneth Ryan's medical panel, the member's application, treating physician's statement and employer's statement pertaining to the Accidental Disability application. Attorney Thomas Gibson appeared, representing Kenneth Ryan.

Motion by Gardner, seconded by Chamblin-Foster to accept the findings of the medical panel and grant Accidental Disability benefits to Kenneth Ryan, Plumber with the Cambridge Housing Authority. Voted unanimously.

#### Agenda Item #8 – Accidental Disability Benefit – Francis Murphy

The Board reviewed the certificate and narrative reports of Francis Murphy's medical panel, the member's application, treating physician's statement and employer's statement pertaining to the Accidental Disability application. Murphy recused himself from discussion and voting on his own application. Monagle served as Acting Chair in his absence.

Motion by Shinkwin, seconded by Chamblin-Foster to accept the findings of the medical panel and grant Accidental Disability benefits to Francis Murphy, Deputy Chief in the Fire Dept. The motion carried on a 4-0 vote, with Murphy abstaining.

#### Agenda Item #9 – Survivor Benefit – Sonya Edwards

The Board reviewed Stephen Edwards' death certificate and the 12 (2) (d) application filed by his surviving spouse.

Motion by Chamblin-Foster, seconded by Monagle to grant 12 (2) (d) survivor benefits to Sonya Edwards, surviving spouse of Stephen Edwards, a Police Officer. Voted unanimously.

#### Agenda Item #10 – RFP – Actuarial Services

The Board reviewed proposals for actuarial services provided by three firms. Each Board member submitted a written ranking of the candidates.

The Board received proposals from KMS, Segal and Stone. The Director stated that only three proposals were received. All three firms met the minimum requirements. Monagle stated that the City uses at least three actuarial firms. Select Actuarial handles issues connected to Worker's Compensation. Another firm, Gallagher, assists with GASB reporting. Segal does work on OPEB issues.

The Chairman said that he was concerned that KMS and Stone seem to be smaller firms, and their clients are mainly smaller systems. Stone and KMS both quoted very low fees for doing work on the valuation. Segal's quoted fee is higher than the other two firms, but it is consistent with what they have charged in the past, and what they currently charge other systems. Gardner stated that he was concerned with Stone's size in that it seemed that most of the work was being performed by one person. Monagle stated that he felt KMS was similar, with one person being responsible for most of the work. He stated that felt that Segal has, by far, the greatest depth of staff. He reported that Segal was extremely helpful, and participated in a number of conference calls, during the preparation of the last GASB report.

Motion by Shinkwin, seconded by Chamblin-Foster to hire Segal as the system's actuary. Voted unanimously.

#### Agenda Item #11 - PERAC Memos

The Board reviewed PERAC Memo #24. The Director stated that the appropriation data has been submitted.

#### Agenda Item #12 - Old Business

Not needed.

#### Agenda Item #13 - New Business

Monagle stated that he wanted to thank the staff for their consistent work in running the system.

#### Agenda Item #14 - Executive Session

Agenda Item #6 – adopted

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #9 – adopted

#### Agenda Item #15 - Chairman's Report

The Chairman stated that he signed a number of document requests initiated by the portfolio monitoring firms. He noted that an RFP was issued for portfolio monitoring attorneys. He stated that he felt the Board should consider engaging a third firm when reviewing the proposals.

#### Agenda Item #16 – Executive Director’s Report

The Director stated that the building managers approached her and proposed to have the office move into an empty space on the first floor of 125 CambridgePark Drive. The new space would have more convenient parking for staff and visitors. The vacant space is somewhat larger than the current office, but it could be divided. The Director stated that she intends to try to negotiate for build-out of the new space and covering moving costs. The present lease ends in May 2022. If the office moved into the new space, it would be done by the end of 2020. Quirk stated that it would not be necessary to do any RFP process before moving. The Director stated that she felt it was important that the Board try to secure a first floor space, which might be more difficult unless they move before the end of the current lease.

The following documents were also reviewed by the Board:

- List of Retiree Deaths
- Correspondence from Attorney James Quirk re: James DeCola v. Middlesex County Retirement System.
- Correspondence from Hancock Natural Resource Group
- IRM Update – October 10, 2019
- Lazard Portfolio Review – September 2019
- RBC Quarterly Report – September 30, 2019

Monagle moved to adjourn at 7:00 PM.